

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

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INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMEMBASSY DUBLIN

AMEMBASSY LUXEMBOURG

AMEMBASSY COPENHAGEN

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E.O. 11652: N/A

TAGS: ETRD, EEC

SUBJECT: EC WINE REGULATIONS

REF: (A) STATE 205537, (B) STATE 188411, (C) BRUSSELS 7630

1. SUMMARY: COMMISSION OFFICIALS AGREE THERE IS SOME POSSIBILITY THAT ARTICLE 4 OF EC COUNCIL REGULATION 1848/76 COULD BE USED TO RESOLVE PROBLEMS ARISING FROM US SHIPMENT OF WINES IN BOTTLES LARGER THAN TWO LITERS. APPROVAL OF WINE MANAGEMENT COMMITTEE WOULD BE NEEDED AND, BECAUSE OF VACATION SCHEDULES, COULD NOT BE OBTAINED BEFORE REGULATION GOES INTO EFFECT SEPTEMBER 1.

2. MISSION OFFICERS MET WITH COMMISSION REPRESENTATIVES (AARTS OF DG-I AND MARMULLA AND GOURDON OF DG-VI) ON AUGUST 19 TO CARRY OUT INSTRUCTIONS IN REF A. MISSION OFFICERS INDICATED

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THAT DEPARTMENT IS RECEIVING COMPLAINTS FROM WINE

EXPORTERS, NOTABLY THE ROYAL CORPORATION OF NEW YORK, THAT EC REGULATION 1848/76 WILL REQUIRE CERTIFICATION OF THEIR EXPORTS OF WINES IN BOTTLES LARGER THAN TWO LITERS. WE POINTED OUT THAT THIS BARRIER TO US EXPORTS WILL COMPLICATE OUR JOINT EFFORTS TO FIND A MUTUALLY SATISFACTORY SOLUTION TO TRADE IN WINE BETWEEN US AND ASKED WHETHER THE EC COULD NOT FIND A WAY TO EXEMPT US SHIPMENTS OF WINE IN LARGER THAN TWO LITER BOTTLES FROM THE CERTIFICATION REQUIREMENT. WE SPECIFICALLY ASKED WHETHER ARTICLE 4 OF EC COUNCIL REGULATION 1848/76 WOULD NOT PROVIDE BASIS FOR SUCH AN EXEMPTION AS A TRANSITIONAL MEASURE.

3. IN RESPONSE, COMMISSION OFFICIALS EXPRESSED REGRET THAT THE TWO-LITER REQUIREMENT HAD SLIPPED INTO REGULATION 1848/76. THEY STATED THAT THE INTENT OF THIS REGULATION HAD BEEN TO CONVERT OUR TEMPORARY EXEMPTION INTO A PERMANENT ONE, NOT TO RAISE A NEW ISSUE BETWEEN US. THEY INDICATED THAT TWO-LITER CUT OFF AROSE OUT OF TRADITIONAL COMMUNITY TARIFF CLASSIFICATION PRACTICES CONCERNING TRADE IN WINE. IN ADDITION, THEY CITED A PROBLEM WITH THE SOVIET UNION WHICH HAD ALSO BENEFITED FROM THE 1000 HECTOLITER EXEMPTION UNTIL RECENTLY. THE SOVIET EXEMPTION HAD BEEN USED AS A MEANS TO SHIP INTO THE COMMUNITY AN ESTIMATED 10-15,000 HECTOLITERS OF WINE IN BULK. IT WAS FELT THAT THE TWO-LITER RESTRICTION WOULD GIVE THE COMMUNITY A GREATER HANDLE ON INSURING THAT SHIPMENTS FROM ONE OF THE COUNTRIES BENEFITING FROM THE EXEMPTION DID NOT EXCEED THE 1,000 HECTOLITER LIMIT.

4. COMMISSION OFFICIALS REPEATED THEIR EARLIER POSITION THAT AMENDMENT OF REGULATION ITSELF WOULD REQUIRE COUNCIL APPROVAL (REF C). THEY AGREED THAT ARTICLE 4 OF REGULATION 1848/76 OFFERED AN INTERIM WAY TO SOLVE THE PRACTICAL PROBLEM OF US EXPORTS IN LARGER THAN TWO-LITER BOTTLE. HOWEVER, THEY NOTED THAT NOTHING COULD BE DONE UNDER ARTICLE 4 WITHOUT THE CONSENT OF THE WINE MANAGEMENT COMMITTEE. BECAUSE THIS COMMITTEE IS NOT SCHEDULED TO MEET BEFORE THE END OF THIS MONTH AT THE EARLIEST, AND BECAUSE ITS MEMBERS WOULD NEED TO CONSULT WITH CAPITALS LIMITED OFFICIAL USE

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BEFORE AGREEING TO WAIVE THE TWO-LITER REQUIREMENT, THERE IT LITTLE CHANCE THAT A WAY AROUND THE TWO-LITER REQUIREMENT CAN BE FOUND IN ADVANCE OF THE SEPTEMBER 1 IMPLEMENTATION DATE. THEY NOTED REPEATEDLY THAT THE ADVERSE EFFECT ON US TRADE HAD BEEN UNINTENTIONAL AND THAT THERE WAS A GOOD CHANCE THAT FAVORABLE ACTION BE THE WINE MANAGEMENT COMMITTEE WOULD MAKE ANY ADVERSE EFFECT EXTREMELY LIMITED IN TIME. HINTON

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